

**DOWNTOWN DEVELOPMENT DISTRICT
OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)**

**ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITORS' REPORT**

For the Year Ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
and Finance Committee
The Downtown Development District of
the City of New Orleans, Louisiana
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Downtown Development District of the City of New Orleans (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District 's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison information on pages 4 through 11 and page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head (the schedule) is presented to comply with the Act 706 of the 2014 Louisiana Legislative Session, the balance sheet and the schedule of revenues, expenditures and changes in fund balance for Downtown Development Unlimited is presented to comply with the AU-C 725 and are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the state required schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

New Orleans, Louisiana
May 29, 2024

DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A Component Unit of the City of New Orleans)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

This report offers readers of these financial statements an overview and analysis of the financial activities of The Downtown Development District of the City of New Orleans (the District). This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the District's financial position, identify any material deviations from the approved budget documents and identify individual fund issues or concerns.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Government-Wide Financial Statements - The Statement of Net Position and the Statement of Activities provide information about the financial activities as a whole and present a longer-term view of the finances. Fund Financial Statements (FFS) - The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than Government-Wide Statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report, located immediately before this MD&A, that the Basic Financial Statements are fairly presented. The auditor regarding the Required Supplementary Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

The Statement of Net Position presents information of all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported on an accrual basis, which requires that all changes be recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

The governmental activities reflect the District's basic services including public space maintenance (cleaning, sign maintenance, and beautification), public safety (law enforcement, homelessness, and code enforcement/quality of life), public safety rangers (public safety assistance and pedestrian and tourism information), marketing (special events, advertising, public relations, and communications), economic development (real estate development facilitation, revitalization, and business retention), and capital improvements (pedestrian signage, sidewalk replacement reimbursements, facade improvement, and transportation). These services are financed primarily with property tax assessments and bonding (debt service) activities.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The District has presented the general and the debt service funds as major funds. The other governmental fund is the blended component unit (Downtown Development Unlimited) of the District.

DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A Component Unit of the City of New Orleans)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- Despite the fact that the liability for the District's series 2021 bonds, which were used for various capital improvements to the infrastructure in the vicinity of Canal Street and other areas of the District, was recorded on the District's government-wide financial statements while the resulting assets are included in the capital assets of the City of New Orleans; assets exceeded liabilities at the close of the most recent fiscal year by \$4,742,880 as outlined on the statement of net position. As of December 31, 2023, the District had a net position balance of \$4,742,880 as compared to a balance of \$3,033,188 as of December 31, 2022.
- The District's total net position increased by \$1,709,692 during 2023, as compared to an increase of \$368,821 in the prior year. The increase in 2023 net position was primarily related to an adjustment to prior year fund balance, and an increase in the net change in this year's fund balance.
- Revenues increased by \$2,204,349 during 2023, mainly due to increased ad valorem tax collections.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,570,318, an increase of \$778,336 from the prior year balance of \$3,782,982.

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements) and required supplementary information.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A Component Unit of the City of New Orleans)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

FINANCIAL ANALYSIS OF THE DISTRICT

The Statement of Net Position and the Statement of Activities reports only one type of government activity. Our analysis below focuses on the net position of the governmental-type activities:

Statement of Net Position
As of December 31, 2023

Assets	2023	2022	Variance	
			Amount	%
Current and other assets	\$11,362,578	\$ 10,362,372	\$ 1,000,206	9.7%
Leased asset	375,409	500,547	(125,138)	-25.0%
Capital assets, net	493,450	511,306	(17,856)	-3.5%
Total assets	<u>12,231,437</u>	<u>11,374,225</u>	<u>857,212</u>	<u>7.5%</u>
Liabilities				
Current liabilities	2,257,182	2,201,924	55,258	2.5%
Non-current liabilities	<u>5,231,375</u>	<u>6,139,113</u>	<u>(907,738)</u>	<u>-14.8%</u>
Total liabilities	<u>7,488,557</u>	<u>8,341,037</u>	<u>(852,480)</u>	<u>-10.2%</u>
Net position				
Invested in capital assets, net	493,450	511,306	(17,856)	-3.5%
Restricted for debt service	231,870	236,751	(4,881)	-2.1%
Unrestricted	<u>4,017,560</u>	<u>2,285,131</u>	<u>1,732,429</u>	<u>75.8%</u>
Total net position	<u>\$ 4,742,880</u>	<u>\$ 3,033,188</u>	<u>1,709,692</u>	<u>56.4%</u>

The District's total assets increased by \$857,212 which resulted mainly from an increase in Cash and Cash Equivalents. Total liabilities decreased by \$852,480 due to payment of bond debt and lease liability.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

Statement of Activities
As of December 31, 2023

	2023	2022	Variance	
			Amount	%
Revenues				
Program revenues				
Operating grants and contributions	\$ 537,814	\$ 133,763	\$ 404,051	302.1%
General revenues				
Ad valorem taxes - net	9,684,403	8,065,643	1,618,760	20.1%
Interest income	256,748	75,210	181,538	241.4%
Total revenues	10,478,965	8,274,616	2,204,349	26.6%
Expenditures				
Administration	1,329,045	1,220,899	108,146	8.9%
Communication and events	552,609	578,112	(25,503)	-4.4%
Economic development	606,844	269,953	336,891	124.8%
Public space operations	3,511,698	2,832,207	679,491	24.0%
Public safety	3,413,851	2,379,709	1,034,142	43.5%
Interest on long-term debt	114,055	114,183	(128)	-0.1%
Total expenditures	9,528,102	7,395,063	2,133,039	28.8%
Net change in fund balance	950,863	879,553	71,310	8.1%
Fund balance - Beginning of year	3,033,188	2,038,684	994,504	48.8%
Fund balance adjustment	758,829	114,951	643,878	560.1%
Fund balance - End of year	\$ 4,742,880	\$ 3,033,188	1,709,692	56.4%

The largest source of revenue for the District was Ad Valorem (property) taxes. The largest sources of program revenues were grants from Downtown Development Unlimited for a total of \$500,000.

There were increases in expenses in Administration, Economic development, and Public Space Operations departments. There were decreases in expenses in Communication and events, Public Safety, and Interest on long-term debt. The variance in Administration was due to increase in Personnel Costs (\$166,404), as we returned the Department to its pre- pandemic levels.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

The increase in the Economic Development Department resulted primarily from increases in rent (\$181,729) and infrastructure reimbursements of (\$152,316). The increase in Public Space operations is due to an increase in Contractor costs. Communication and events decreased due to miscellaneous event expenses of (\$267,462) offset by an increase in sponsorships of \$209,133. The increase in Public Safety is due to contractor costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2023 and 2022, the District had \$493,450 and \$511,306, respectively, invested in capital assets, net of accumulated depreciation consisting principally of investment in Duncan Plaza. See page 28 of the notes to the financial statements for a detail composition of capital assets.

Long-term Debt

At December 31, 2023, the District had total bond debt outstanding of \$5,515,000 compared with \$6,085,000 at December 31, 2022. Principal paid on the 2012 Series bonds during 2023 and 2022 was \$570,000 and \$415,000, respectively. See page 29 of the notes to the financial statements for a description of outstanding long-term debt.

The portion of the District's net position that is invested in capital assets, less any related debt used to acquire those assets that are still outstanding, was \$493,450 as of December 31, 2023. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the District's net position represents resources that are restricted for debt service. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget and actual comparisons are on page 34. The final budget variance as compared to actual balance was an increase of \$209,091. There were no variances between the original budget and final budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Though the District comprises just 0.7% of New Orleans' total geographic area, it contributes 14% of the city's real estate property taxable value. While the District experienced signs of positive economic recovery, macroeconomic conditions such as stagnant inflation, rising interest rates, and wavering consumer confidence continue to impact ad valorem taxes in the

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

District. At the end of 2023, domestic tourism foot traffic also recovered to 76% of pre-pandemic levels by the end of the year. While Downtown New Orleans possesses one of the lowest vacancy rates in the nation, the long-term health of the office market remains under

careful watch as national trends indicate that many businesses have adopted hybrid and work-from-home schedules for workers. Notably, the Central Business District within the District nearly comprises 26% of the overall office space inventory in the New Orleans office market. Management expects sufficient revenues to allow for addressing its primary objectives.

SIGNIFICANT EVENTS

To strengthen the viability of the District as a compelling business, residential, tourism address, DDD launched several initiatives focused on improving overall quality of life. These improvements will ultimately strengthen ad valorem taxes. Some of these significant actions include the following:

- Funding and expansion of Private Security Details
- Continued funding and execution of dedicated code enforcement activities within the District.
- Partnering with the City of New Orleans to increase programming in open spaces with the District.
- Funding of the Bio District Strategic Plan.
- Securing new philanthropic dollars to fund expanded homeless services outreach, public realm lighting, installation of lighting on private properties, and public realm placemaking capital improvements.

2023 continued to be a year of rebuilding for the District. At the end of 2023 all but two staff administrative positions remained vacant.

Economic development activities for the organization ramped up to affirm the District's stature as the largest employment center in the state. Business retention visits substantially increased. Additionally, target business events were launched including the DDD Broker Roundtable meetings and "Lunch & Learns" with the President & CEO. DDD also partnered with reputable trade organizations to produce the first-ever *ICSC* Local New Orleans, an event designed to

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023**

strengthen the capacity of small businesses, thereby positively impacting ad valorem and sales taxes with the District.

Finally, the New Orleans City Council took action, paving the way for tax increment financing (TIF) for the Bio District, which encompasses a portion of the District. The critical dollars will help finance workforce development programs, laboratory construction, area public real improvements, and more.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the administration at 201 St. Charles Avenue, Suite 3912, New Orleans, Louisiana 70170-3912 or (504) 561-8927.

BASIC FINANCIAL STATEMENTS

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A Component Unit of the City of New Orleans)

STATEMENT OF NET POSITION
DECEMBER 31, 2023

Assets

	Governmental Activities
Current assets	
Unrestricted:	
Cash and cash equivalents	\$ 5,593,859
Other receivables, net	177,114
Due from other governments	25,250
Prepaid expenses	279,486
Total unrestricted current assets	6,075,709
Restricted:	
Cash and cash equivalents	231,870
Restricted cash - held by escrow agent	5,054,999
Total restricted current assets	5,286,869
Total current assets	11,362,578
Noncurrent assets	
Leased asset	375,409
Capital assets, net of accumulated depreciation	493,450
Total noncurrent assets	868,859
Total assets	\$ 12,231,437

Liabilities and Net Position

Current liabilities	
Accounts payable and current liabilities	\$ 1,435,660
Compensated absences payable	66,522
Bonds payable, current portion	755,000
Total current liabilities	2,257,182
Noncurrent liabilities	
Lease liability	471,375
Bonds payable, noncurrent portion	4,760,000
Total noncurrent liabilities	5,231,375
Total liabilities	7,488,557
Net Position	
Net investment in capital assets	493,450
Restricted for debt service	231,870
Unrestricted	4,017,560
Total net position	\$ 4,742,880

The accompanying notes are an integral part of these financial statements

DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
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STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities Net(Expenses) Revenues and Changes in net Position
Governmental Activities					
Administration	\$ 1,329,045	\$ -	\$ 18,659	\$ -	\$ (1,310,386)
Communication and events	552,609	-	4,965	-	(547,644)
Economic development	606,844	-	-	-	(606,844)
Public space operations	3,621,528	-	14,190	500,000	(3,107,338)
Public safety	3,304,021	-	-	-	(3,304,021)
Interest on long-term debt	114,055	-	-	-	(114,055)
Total governmental activities	9,528,102	-	37,814	500,000	(8,990,288)
 General Revenues					
Ad valorem					9,684,403
Interest income					256,748
Total general revenues					9,941,151
 Change in net position					950,863
 Fund balance adjustment					758,829
 Net position - beginning of year					3,033,188
 Net position - end of year					\$ 4,742,880

The accompanying notes are an integral part of these financial statements

DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
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BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2023

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Fund</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 526,107	\$ -	\$ 503,863	\$ 1,029,970
Cash and cash equivalents held by the Board of Liquidation, unrestricted	4,563,889	-	-	4,563,889
Cash and cash equivalents held by the Board of Liquidation, restricted	-	231,870	-	231,870
Due from other governments	25,250	-	-	25,250
Other receivables	177,114	-	-	177,114
Prepaid expenditures	<u>279,486</u>	<u>-</u>	<u>-</u>	<u>279,486</u>
Total assets	<u>\$ 5,571,846</u>	<u>\$ 231,870</u>	<u>\$ 503,863</u>	<u>\$ 6,307,579</u>
 Liabilities and Fund balance				
Liabilities				
Accounts payable and current liabilities	<u>1,325,878</u>	<u>-</u>	<u>17,302</u>	<u>1,343,180</u>
Total liabilities	<u>\$ 1,325,878</u>	<u>\$ -</u>	<u>\$ 17,302</u>	<u>\$ 1,343,180</u>
Fund Balance				
Nonspendable	279,486	-	-	279,486
Restricted for debt service	-	231,870	-	231,870
Unassigned	<u>3,966,482</u>	<u>-</u>	<u>486,561</u>	<u>4,453,043</u>
Total fund balance	<u>4,245,968</u>	<u>231,870</u>	<u>486,561</u>	<u>4,964,399</u>
Total liabilities and fund balance	<u>\$ 5,571,846</u>	<u>\$ 231,870</u>	<u>\$ 503,863</u>	<u>\$ 6,307,579</u>

The accompanying notes are an integral part of these financial statements

DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
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RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
December 31, 2023

Total Fund Balances at December 31, 2023 - Governmental Funds		\$ 4,964,399
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.</p>		
Cost of capital assets	1,186,868	
Less accumulated depreciation	<u>(693,418)</u>	493,450
<p>Long term assets used in governmental activities are not financial resources and , therefore, are not reported in the fund financials statements.</p>		
Lease asset		375,409
<p>Due to other funds</p>		
		(92,480)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements.</p>		
Compensated absences	(66,522)	
Lease liability	(471,375)	
Bonds payable	<u>(5,515,000)</u>	(6,052,897)
<p>Restricted cash held by escrow</p>		
		<u>5,054,999</u>
<p>Net Position of Governmental Activities</p>		<u>\$ 4,742,880</u>

The accompanying notes are an integral part of these financial statements

DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
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SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For Year Ended December 31, 2023

	General Fund	Debt Service	Nonmajor Governmental Fund	Total Governmental Funds
Revenues				
Ad valorem taxes- net	\$ 9,684,403	\$ -		\$ 9,684,403
Interest income	3,509	253,239		256,748
Other	37,814	-	500,000	537,814
Total revenues	9,725,726	253,239	500,000	10,478,965
Expenditures				
Current:				
Administration	1,322,764	-	-	1,322,764
Communication and events	550,284	-	-	550,284
Public space operations	3,496,921	-	109,830	3,606,751
Public safety	3,290,117	-	-	3,290,117
Economic development	604,291	-	-	604,291
Capital outlays	23,289	-	-	23,289
Debt service:				
Interest on long-term debt	-	103,445	-	103,445
Total expenditures	9,287,666	103,445	109,830	9,500,941
Deficiency of Revenues				
Over Expenditures	438,060	149,794	390,170	978,024
Other Financing Sources (Uses)				
Operating transfer in	149,794	-	-	149,794
Operating transfer out	-	(149,794)	-	(149,794)
Total other financing sources (uses)	149,794	(149,794)	-	-
Net Change In Fund Balances	587,854	-	390,170	978,024
Fund balance adjustment	204,363	(4,881)	-	199,482
Fund balances - beginning of year	3,546,231	236,751	3,911	3,786,893
Fund balances - end of year	\$ 4,338,448	\$ 231,870	\$ 394,081	\$ 4,964,399

The accompanying notes are an integral part of these financial statements

DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
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RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR YEAR ENDED DECEMBER 31, 2023

Total net change in fund balances - governmental funds		\$ 978,024
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.</p> <p>This is the amount by which capital outlays exceeded depreciation.</p>		
Capital outlays capitalized	23,289	
Depreciation expense	<u>(39,840)</u>	(16,551)
Lease interest expense		<u>(10,610)</u>
Change in net position of governmental activities		<u>\$ 950,863</u>

The accompanying notes are an integral part of these financial statements

DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
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Note 1 – Background and Summary of Significant Accounting Policies

Background

Act 498 of 1974 as amended and reenacted by Act 124 of 1977 of the State of Louisiana Legislature effective January 1, 1975, created a special taxing district designated "the Core Area Development District of the City of New Orleans", comprised of all the territory within the following prescribed boundaries:

The point of beginning shall be at the intersection of the east bank of the Mississippi River and the Mississippi River Bridge approaches and Pontchartrain Expressway; thence continuing along the upper line of the Pontchartrain Expressway right-of-way less and except ramp areas, and in a northwesterly direction to Lake Pontchartrain side of said right-of-way line of Claiborne Avenue to the lower right-of-way of Iberville Street to the east bank of said to the upper right-of-way line of the Mississippi River Bridge approaches and Pontchartrain Expressway, being the point of beginning.

Act 307 of the State of Louisiana Legislature effective July 10, 1978, changed the name of the District to The Downtown Development District of the City of New Orleans.

Act 498 and 124 also created a Board of Commissioners for the Downtown Development District of the City of New Orleans (the District) composed of eleven members for governance of the District.

Reporting Entity

Governmental accounting standards established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. A component unit is a government who is financially accountable to another government or one for which another government can exert influence over its budget and operations. The District is considered to be a component unit of the City of New Orleans. As such, the financial statements of the District are included in the financial statements of the City of New Orleans (the City).

In addition, the financial reporting entity consists of the District and its blended component unit. A component unit is a legally separate organization for which the District is financially accountable. Financial accountability is present if the District appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District.

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Blended Component Unit

The Downtown Development Unlimited (DDU), a 501(c)(3) non-profit corporation without capital stock is blended with the District for financial statement purposes because the component unit exclusively serves the District. The financial statements of this blended component unit may be obtained from the District's office.

This corporation was organized for and to carry on the following purposes:

To establish a permanent promotional program pointed towards a progressive and dynamic central Downtown New Orleans; to preserve and expand central downtown New Orleans as a regional business and shopping area for the general benefit of the metropolitan area of New Orleans, and its surrounding markets; to cooperate with all members of the corporation through group action on common problems, and to cooperate with the City Council of the City of New Orleans, other governmental bodies, civic organizations, and other interested groups or individuals, in solving the civic, business and commercial problems of the City of New Orleans, to alleviate parking problems and other problems resulting from congestion; to improve the appearance of the central downtown area; and generally to promote, aid and assist in developing a better central downtown New Orleans for the use and benefit of everyone.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the non-fiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. There were no activities of the District categorized as business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are ordered into three major categories: governmental, proprietary, and fiduciary, which are grouped by fund type in the financial statements. Governmental fund types are those through which general governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The general fund, the main operating fund of the District, is used to account for all remaining financial resources.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Budgetary Information

The District follows the procedures prescribed by Act 478 as amended by the State of Louisiana Legislature effective January 1, 1997. Relevant portions of these procedures are:

- The Board of Commissioners of the District shall prepare, or cause to be prepared, a plan or plans specifying the public improvements, facilities and services proposed to be furnished constructed or acquired for the District.
- Any plan shall include: (a) an estimate of the annual and aggregate cost of acquiring, constructing, or providing the services, improvements, or facilities set forth therein; (b) the proportion of tax to be levied on the taxable real property within the District which is to be set aside and dedicated to pay the cost of furnishing specified services, and the

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proportion of such tax to be set aside and dedicated to pay the cost of capital improvements or pay the cost of debt service on any bonds to be issued to pay the cost of capital improvements; and (c) an estimate of the aggregate number of mills required to be levied in each year on the taxable real property within the District to provide the funds required for implementation of the plan.

- After completion, the plan shall be submitted to the Planning Commission of the City of New Orleans for review. The Planning Commission must submit the plan to the City Council within thirty (30) days of receipt thereof, together with its written comments and recommendations.
- The City Council may by a majority of its members accept or reject the plan based upon its consistency with the City's overall plan. If accepted, the plan may be implemented.
- Upon acceptance, the plan budget and the appropriated funds for its implementation are incorporated by the City of New Orleans into its normal budget process. Under this process, appropriations for the District's "Service" operations (operating budget) expire at year end, except for amounts the City has encumbered on behalf of the District. Such amounts are carried forward until they are cleared. Appropriations for capital outlays (capital budget) continue in force until the project is completed or cancelled normally and the City Council passes an ordinance of resolution to close.

The District, through ordinances approved by the City Council, can amend the budget at its discretion.

Cash and Cash Equivalents

Cash and Cash equivalents include all short-term, highly liquid investments (including certificates of deposit) with original maturity dates of three months or less from the date of acquisition.

Investments

Investments are limited by LA R.S. 33:2955 and the District's investment policy. LA R.S. 33:2955 authorizes the District to invest in (1) direct obligations of the United States Treasury, the principal and interest of which are fully guaranteed by the federal government, (2) bond, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, (3) direct security repurchase agreements of any federal book entry only securities, (4) time certificates of deposits of state banks organized under the laws of Louisiana, savings accounts or shares of savings and loan associates, (5) mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and

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which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies, or (6) guaranteed investments contracts issued by a bank, financial institution, insurance company or other entity having one of the two highest short-term rating categories of either Standard & Poor's Corporation or Moody's Investors Service, provided that no such investment may be made except in connection with a financial program approved by the State Bond Commission.

Investments are stated at fair value in accordance with the Governmental Accounting Standards Board (GASB) Codification Section 150: *Investments*.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated uncollectible amounts were determined to be property tax receivable balances over five years old based on historical experience rates. The total of the receivable balances over five years old at December 31, 2023 were \$21,692, which are covered by the allowance for uncollectible ad valorem taxes.

Prepaid Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures in both government-wide and fund level financial statements. Prepaid expenditures as of December 31, 2023 are as follows:

Prepaid insurance	\$ 248,461
Pepaid rent	14,929
Pepaid software	6,656
Prepaid other	3,394
Deposits	<u>6,046</u>
Total	<u>\$ 279,486</u>

Capital Assets

The District's capitalization policy requires that all single assets costing \$500 or more be capitalized and depreciated over their useful lives. Single assets costing less than \$500 are expensed. All assets regardless of costs are tracked by the District.

The straight-line method of depreciation is used for all classes of capital assets, and the allocation of depreciation expense begins on the first day of the nearest month of the year in which the capital assets is purchased. Based on its own experience, the District established the following estimated useful lives for each asset class:

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Notes to The Financial Statements
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Assets	Estimated Useful lives
Office furniture	7 years
Computer equipment	3-5 years
Leasehold improvements	3-7 years
Office equipment	7 years
Motor vehicles	5 years
Public works property	5-7 years
Green space improvements	7 years

All capital assets acquired or donated are valued at historical cost or estimated historical cost if actual historical cost is not available.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are recorded as expenditures.

The proceeds from the Series 2001 bonds were used for various capital improvements on Canal Street and areas in the District. These improvements are included in the capital assets of the City of New Orleans. The 2001 series was refunded, and a new 2012 series was issued.

The 2012 Series was refunded in 2021 and a new 2021 series was issued. The proceeds from the 2021 issue are being used primarily for stormwater infrastructure improvements throughout the District.

Compensated Absences

While paid time off is accrued when earned for government-wide financial statements, it is recognized when paid in the governmental fund financial statements. Compensated absences are paid by the general fund.

Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

In the fund level financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized in the current period. The face amount of debt issued is

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reported as other financing sources. Premiums received in debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Employee Benefits

The District has a defined contribution retirement plan and group life insurance for its employees. The contributions to the retirement plan are discretionary. These benefits are recognized when paid.

Fund Balance

In fund level financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned.

- *Non-spendable* - consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* - consists of amounts with constraints either by third parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used for the specific purposes stipulated in the legislation.
- *Committed* - consists of the amounts used for specific purposes pursuant to constraints imposed by formal action of the District's Board. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- *Assigned* - consists of amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed.
- *Unassigned* - consists of amounts that have not been restricted, committed, or assigned to specific purposes, within the general fund.

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When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) are available for use. The District did not have any committed or assigned amounts as of December 31, 2023.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying event occurs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could vary from the estimates that were used.

Recently Issued and Implemented Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, initially in June 2017 and was effective for reporting periods beginning subsequent to December 15, 2019.

However, in May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which delayed the GASB 87 effective date by 18 months. This pronouncement now requires the adoption of GASB 87 for all fiscal years beginning subsequent to June 15, 2021. The new standard supersedes GASB 13 and GASB 62.

The goal of the new lease accounting standard is to more accurately portray lease obligations and to increase the usefulness of governmental financial statements. Under GASB 87, a single model approach exists, meaning a distinction between operating and capital leases no longer exists. GASB 87 now requires all agreements meeting the definition of a lease to be classified as finance leases. Additional quantitative and qualitative disclosures are now required for lessees. The District adopted GASB 87 for the year ended December 31, 2022. See NOTE 6 for lease footnote disclosures.

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Notes to The Financial Statements
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Note 2 – Property Taxes

On November 17, 1975, the City obtained approval in a referendum for an additional 6 ½ mills ad valorem tax on property within the District for the calendar years 1976 and 1977.

On October 1, 1977, the City obtained approval in a referendum to authorize the Council of the City of New Orleans to levy provisions of the Louisiana Constitution of 1974 and Subsection 1.1 of Louisiana Act No. 124 of 1977 upon all taxable real property for ten years for special improvements, facilities, services, and the issuance of bonds as provided in the said Act, and to ratify the establishment of the District.

On April 7, 2001, pursuant to the Special Election held in accordance with Article VII, Section 23(c) of the 1974 Louisiana Constitution, the registered voters of the City of New Orleans approved the continued authority of the District to levy a property tax not to exceed 22.97 mills for an additional twenty-five (25) years beginning with the year 2005 and ending with the year 2029.

In accordance with the State Constitution, the District will maintain its mills on real property at 21.54 mills. Collection has been suspended at 17.12 mills for the year ended December 31, 2023. The District levied 17.12 mills on real property within its area for 2022.

Taxes on real property are levied on January 1 and payable on January 1. Billings are delinquent February 1 and are subject to lien and the assessment of penalties and interest. Property taxes levied for 2022, collected during 2022, or expected to be collected in 2022 are recognized as revenue in 2022. Taxes levied for 2022, but collected in 2023, are reflected as unearned revenue.

All property taxes are levied and collected by the City of New Orleans. Taxes collected, and any interest thereon, are to be deposited with the Board of Liquidation to the account of the District.

Note 3 – Levy of tax assessment

According to LA R.S. 47:1957, there is no express limitation on an assessor's ability to retroactively revise or adjust past assessments. As such, a tax assessor may revise or adjust

past assessments for as many years as his/her discretion dictates. To that extent, the ad valorem tax revenue for the District will always be subject to retroactive adjustments in the current year.

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Note 4 – Detailed notes on all funds

Cash and Cash Equivalents

Cash and Cash Equivalents consisted of the following as of December 31, 2023:

<u>Cash and Cash Equivalents</u>	<u>Amount</u>
Demand deposits	\$ 843,610
Money market accounts	4,981,819
Held by escrow agent	5,054,999
Cash on hand	<u>300</u>
Total cash and cash equivalents	<u>10,880,728</u>

Restricted Cash and Cash Equivalents

At December 31, 2023, the Board of Liquidation, as fiscal agent of the District, held on their behalf cash and money market accounts in the amount of \$4,800,641. Of this amount, \$236,751 was restricted for debt service obligations.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Under state law, all deposits are to be secured by the federal depository insurance or the pledge of securities held by the pledging bank's agent in the District's name.

As of December 31, 2023, demand deposits and money market account bank balances of \$5,580,529 were entirely secured by federal deposit insurance of \$250,000, and pledged securities held by a financial institution in the name of the District covered the balance.

Cash and money market accounts held by the Board of Liquidation in the amount of \$4,795,760 were fully covered by pledged securities held by financial institutions in the name of the Board of Liquidation, acting as fiscal agent for the District.

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Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2023, for the primary government are as follows:

Capital assets	January 1, 2023	Additions	Deletions	December 31, 2023
Office furniture	\$ 150,861	\$ -	\$ -	\$ 150,861
Computer equipment	180,100	19,853	-	199,953
Leasehold improvements	198,217	-	-	198,217
Office equipment	82,293	-	-	82,293
Motor vehicles	66,927	2,614	-	69,541
Public works property	135,056	-	482	134,574
Green space improvements	<u>351,430</u>	<u>-</u>	<u>1</u>	<u>351,429</u>
Subtotal	1,164,884	22,467	\$ 483	1,186,868
Less: Accumulated depreciation	<u>(653,578)</u>	<u>(39,840)</u>	<u>-</u>	<u>(693,418)</u>
Total	<u>\$ 511,306</u>	<u>\$ (17,373)</u>	<u>\$ 483</u>	<u>\$ 493,450</u>

Depreciation expense was charged to functions as follows:

Function	Amount
Administration	\$ 6,281
Communications and events	2,325
Economic development	2,553
Public space operations	14,777
Public safety	<u>13,904</u>
Total	<u>\$ 39,840</u>

Long-Term Debt

The following is a summary of the long-term debt obligation transactions for the year ended December 31, 2023.

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	January 1, 2023	Additions	Payments	Retirements	December 31, 2023	Current Portion
Series 2021 Bonds	\$ 6,085,000	\$ -	\$ (570,000)	\$ -	\$ 5,515,000	\$ 755,000
Total	\$ 6,085,000	\$ -	\$ (570,000)	\$ -	\$ 5,515,000	\$ 755,000

Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Total interest expense incurred for the year ended December 31, 2023 was \$114,055.

Bonds

The DDD issued new bonds on October 10, 2021 in the amount of \$6,500,000. The bond proceeds were utilized to refund the outstanding Series 2012 Bonds, fund one year of the Stormwater Infrastructure CEA, pay the costs of issuance, and provide additional capital to fund public improvements.

The Series 2012 bonds had a fixed rate of 2.68%, the 2021 Series bonds have a fixed rate of 1.70% and mature on December 1, 2029. At December 31, 2023, \$5,515,000 of the bonds was outstanding. At December 31, 2023, the Board of Liquidation, City Debt has \$231,870 on the Series 2021 bonds held in escrow for the payment of future debt service in connection with the bonds issued. Bond proceeds totaling \$5,054,999 were held by an escrow agent at December 31, 2023.

The annual requirements to amortize principal and interest on bonds outstanding at December 31, 2023 are as follows:

	Principal Payments	Interest Payments	Total
Year Ending			
2024	\$ 755,000	\$ 46,500	\$ 801,500
2025	765,000	38,950	803,950
2026	770,000	31,300	801,300
2027	1,050,000	23,555	1,073,555
2028	1,075,000	15,692	1,090,692
Thereafter	1,100,000	92,252	1,192,252
Totals	\$ 5,515,000	\$ 248,249	\$ 5,763,249

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Notes to The Financial Statements
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Compensated Absences

Employees generally receive paid time off (PTO), which can be used for vacation or for sick leave, at the following levels: full-time employees employed six through twelve months receive fifteen (15) days, full-time employees employed one through five years receive twenty (20) days; full-time employees employed six through ten years receive twenty-five (25) days; full-time employees employed eleven years through nineteen years receive thirty (30) days; and

full-time employees employed for twenty or more years receive forty (40) days. PTO can be accumulated and carried forward up to twenty (20) days each year end.

Compensated absence activity for the year ended December 31, 2023 was as follows:

	<u>Amount</u>
Beginning balance	\$ 56,445
Additions	10,077
Reductions	<u>-</u>
Ending balance	<u>\$ 66,522</u>

Interfund Transfers

Transfers are used to move funds from the general fund to the debt service fund to maintain necessary balances, with bond covenants. During 2023, the general fund transferred out \$149,794 to the debt service fund to satisfy debt covenants.

Note 5 – Employee retirement plan and whole life insurance

Retirement Plan

In 1993, the District established a defined contribution retirement plan for its employees.

Effective January 1, 2012, the District contributes 3% of eligible employees' salaries, regardless of any contribution from employees. The District also matches 3% of employee voluntary contributions, limited to 3% of the employee's salary. All full-time employees twenty-one years of age and over are eligible to participate in the plan.

The plan's effective date was January 1, 1993. All contributions made to the plan are the property of the plan and the participating employees. Management of the plan's assets includes the ability to establish and amend plan provisions and any costs related to its operations and is the sole responsibility of the Trustee(s) and the Administrator of the Downtown Development District Employee Retirement Trust - Federal EIN 72-1241070.

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The District's contribution to the plan in 2023 was \$36,711 which was paid to American United Life for deposit with designated fund agencies, who are to manage the investment of the plan's assets.

Life Insurance

In conjunction with the development of the above retirement plan, but not a part of that plan, the District, in 1993, established an additional benefit in the form of whole life insurance, accidental death and dismemberment, short-term disability and long-term disability policies for each of its full-time employees.

The amount of insurance provided to each employee is \$200,000 (adjusted to \$130,000 at age 65 and \$100,000 at age 70). Monthly premiums are paid by the District to Southern National Life Insurance. Premiums paid in 2023 by the District for these employee policies totaled \$17,737.

Note 6 -Lease

The District adopted GASB 87, *Leases*, during the year ended December 31, 2022, which improves accounting and financial reporting for leases by governments. The District leases office space at 201 St. Charles Avenue.

The lease commenced in January 2021 and expires in September 2026. Details of the lease is as follows:

GASB 87 Lease amortizaation schedule							
<u>Period</u>	<u>Cash</u>	<u>Interest exp Expense</u>	<u>Liability reduction</u>	<u>Total Liability</u>	<u>Amortization expense</u>	<u>Net asset balance</u>	<u>Accumulated amortization</u>
Beginning balance				\$ 750,820			
2021	76,868	12,764	64,104	686,716	125,137	625,683	125,137
2022	74,277	11,674	62,603	624,113	125,137	500,546	250,274
2023	163,348	10,610	152,738	471,375	125,136	375,410	375,410
2024	169,473	8,013	161,460	309,915	125,137	250,273	500,547
2025	177,947	5,269	172,678	137,237	125,136	125,137	625,683
2026	139,571	2,334	137,237	-	125,137	-	750,820

To calculate the lease liability and asset at the origination of the lease, the District used a discount rate of 1.7%, which is the District's most recent borrowing rate, and calculated the present value of future lease payments. Each year, the asset value is amortized over the life of the lease. As of December 31, 2023, the lease asset balance was \$375,410, which is net of accumulated amortization of \$375,410. The lease liability is reduced each year by the lease payment less calculated interest expense. As of December 31, 2023, the lease liability

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was \$471,375. Interest expense recorded during the year ended December 31, 2023 was \$10,610.

Note 7 - Contingencies and Commitments

Cooperative Endeavor Agreement - City of New Orleans

Effective December 19, 2017, the District, the Ernest N. Morial New Orleans Exhibition

Hall Authority, and the City of New Orleans entered into a Cooperative Endeavor Agreement to enhance public services available to the homeless population of New Orleans by collaborating in the design, remodeling, and operation of a low barrier shelter (the Shelter). In 2018, the District was obligated to contribute \$1,000,000 towards the net costs of the acquisition, remediation, remodeling, equipping, and fix-up of the property.

Additionally, the District is also obligated to assist with fundraising from third parties for ongoing operational costs and provide funding for the operation of the Shelter. In no event will the District be required to provide more than \$500,000 toward operational funding in any one calendar year.

The agreement is effective for five years from the effective date, with the option for the parties to renew for an additional five years. For the year ended December 31, 2023, the District provided \$500,000 in funding for the Shelter.

Contingencies

The District is a defendant in various lawsuits such as personal injury, property damage, and other employer related claims. These claims are covered by insurance subject to a deductible per occurrence. Attorneys of the District have reviewed these claims and lawsuits to evaluate the likelihood of an unfavorable outcome to the District. Loss contingencies have been estimated to be immaterial. Therefore, no accrual has been recorded in these financial statements.

Note 8 - Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and material disasters for which the District carries errors and omissions and natural disaster commercial insurance. The District has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A Component Unit of the City of New Orleans)

Notes to The Financial Statements
December 31, 2023

Note 9 - Per Diem to Board of Directors

During the year ended December 31, 2023, no board member received per diem in his or her capacity as director.

Note 10 – Tax Abatements

The City of New Orleans (the City) negotiates property tax abatement agreements on behalf of the City and its component units. Each agreement was negotiated for a variety of economic development purposes, including business relocation, retention, and expansion. The District, through the City, has tax abatement agreements with multiple commercial entities participating in the Restoration Tax Abatement (RTA) program as of December 31, 2023.

The City has not made any commitments as part of the agreements other than to reduce taxes. The District is not subject to any tax abatement agreements entered into by other governmental entities, except for those entered into by the City.

Note 11 -Revenue Concentration

The District's current principal source of revenue consists mainly of property taxes assessed.

Note 12 - Related Party

There were no related party transactions observed during fiscal year ended December 31, 2023.

Note 13 – Fund balance Adjustment

The ad valorem confirmation received from the tax collector reflected adjustments that resulted from credits to prior year ad valorem tax bills. As a result, the district made adjustments of \$758,829 to net position and \$199,482 to fund balance for prior year adjustments.

REQUIRED SUPPLEMENTARY INFORMATION

DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A Component Unit of the City of New Orleans)

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues				
Internal sources (events, state, federal)	\$ 692,445	\$ 692,445	\$ 537,814	\$ (154,631)
Ad valorem taxes- net	9,838,249	9,838,249	9,684,403	(153,846)
Total revenues	10,530,694	10,530,694	10,222,217	(308,477)
Expenditures				
Administration	1,320,598	1,320,598	1,322,764	(2,166)
Communication and events	677,894	677,894	550,284	127,610
Public space operations	3,406,274	3,406,274	3,606,751	(200,477)
Public safety	3,311,091	3,311,091	3,290,117	20,974
Economic development	903,391	903,391	604,291	299,100
Capital outlay	152,000	152,000	23,289	128,711
Interest on long term debt	103,446	103,446	103,445	1
Total expenditures	9,874,694	9,874,694	9,500,941	373,753
Net operating income	656,000	656,000	721,276	65,276
Non-Operating revenue				
Interest	12,000	12,000	256,748	244,748
Total other financing sources	12,000	12,000	256,748	244,748
Net change in fund balance	668,000	668,000	978,024	310,024
Fund balance - beginning of year	4,697,149	4,697,149	3,986,375	(710,774)
Fund balance - end of year	\$ 5,365,149	\$ 5,365,149	\$ 4,964,399	\$ (400,750)

The accompanying notes are an integral part of these financial statements

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A Component Unit of the City of New Orleans)

BALANCE SHEET - SPECIAL REVENUE FUND
December 31, 2023

**DOWNTOWN
DEVELOPMENT
UNLIMITED**

Assets

Cash and cash equivalents	\$ 503,863
Total assets	<u>503,863</u>

Liabilities and Net Assets

Liabilities

Accounts payable and current liabilities	17,302
Due to other funds	<u>92,480</u>
Total liabilities	<u>109,782</u>

Net Assets

Unassigned/Unrestricted	<u>394,081</u>
Total net assets	<u>394,081</u>

Total liabilities and net assets	<u>\$ 503,863</u>
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The accompanying notes are an integral part of these financial statements

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A Component Unit of the City of New Orleans)

STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUND
 For the Year Ended December 31, 2023

	<u>Downtown Development Unlimited</u>
Revenues	
Grants/Contributions	\$ 500,000
Total revenues	<u>500,000</u>
Expenditures	
Current:	
Public safety	<u>109,830</u>
Total expenditures	<u>109,830</u>
Net Change in Net Assets	390,170
Net Assets - Beginning of year	<u>3,911</u>
Net Assets - End of year	<u><u>\$ 394,081</u></u>

The accompanying notes are an integral part of these financial statements

**THE DOWNTOWN DEVELOPEMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)**

**SCHEDULE OF COMPENSATION , BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2023**

Davon Barbour

Purpose	Amount
Salary	\$ 257,416
Benefits - health insurance	10,929
Benefits - retirement	6,923
Cell phone	648
Meals & entertainment	1,207
Travel	7,699
Registration fees	2,105
Conference travel	6,554
Other	<u>900</u>
Total	<u>\$ 294,381</u>

See independent auditors' report.

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners and
Finance Committee
The Downtown Development District of the
City of New Orleans
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund of the Downtown Development District of the City of New Orleans (“the District”), a component unit of the City of New Orleans, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated May 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Downtown Development District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bruno & Tervalon LLP

New Orleans, Louisiana
May 29, 2024

DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2023

Part I- Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| I. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | No |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

Not applicable.

Part II - Financial Statement Findings

There were no financial statement findings.

**DOWNTOWN DEVELOPMENT DISTRICT
OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)**

**SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2023**

Section I - Internal Control and Compliance Material to the Financial Statements

No issues were reported.

Section II – Financial Statement Findings

2022-01 Controls over Bond escrow funds not adequate (Significant deficiency).

This finding was tested and resolved.

Section III – Federal findings

None reported.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Downtown Development District and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Downtown Development Districts management is responsible for those C/C areas identified in the SAUPs.

The New Orleans Downtown Development District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

a. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

We performed the above procedures and noted no exceptions.

b. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

We performed the above procedures and noted no exceptions.

c. ***Disbursements***, including processing, reviewing, and approving.

We performed the above procedures and noted no exceptions.

- d. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

We performed the above procedures and noted no exceptions.

- e. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

We performed the above procedures and noted no exceptions.

- f. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

We performed the above procedures and noted no exceptions.

- g. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

We performed the above procedures and noted no exceptions.

- h. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

We performed the above procedures and noted no exceptions.

- i. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

We performed the above procedures and noted no exceptions.

- j. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

We performed the above procedures and noted no exceptions.

- k. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

We performed the above procedures and noted no exceptions.

- l. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

We performed the above procedures and noted no exceptions.

2) Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

We performed the above procedures and noted no exceptions.

- b. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

We performed the above procedures and noted no exceptions.

- c. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable, The Downtown Development District's general fund did not have a negative ending unassigned fund balance in prior year audit report.

- d. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

The Entity's 2022 audit was accepted by the LLA on June 21, 2023, and progress regarding the resolution of its only audit finding was discussed in the June, 6th 2023 board meeting. No exceptions noted.

3) Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

List of bank accounts and management's representations were obtained. We selected the month of December 2023 for testing. B&T selected five bank accounts. Per review of the bank statements and bank reconciliations, we noted that all 5 had evidence of being reconciled within 2 months of the statement's closing date. No exceptions noted.

- b. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

All reconciliations observed included proper evidence of management approval. No exceptions noted.

- c. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

We performed the above procedures and noted no reconciling items that have been outstanding for more than 12 months from year-end.

4) Collections (excluding electronic funds transfers)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

- a. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions noted.

- b. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

No exceptions noted.

- c. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

No exceptions noted.

- c. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

B&T noted than an insurance policy through Travelers Insurance for liability and crime coverages. This policy was in effect during the fiscal year. No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
 - a. Observe that receipts are sequentially pre-numbered.

We performed the above procedures and noted no exceptions.

- b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

We performed the above procedures and noted no exceptions.

- c. Trace the deposit slip total to the actual deposit per the bank statement.

We performed the above procedures and noted no exceptions.

- d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

We performed the above procedures and noted no exceptions.

- e. Trace the actual deposit per the bank statement to the general ledger.

We performed the above procedures and noted no exceptions.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Funds are received in person or via postal service to the administrative office located at 201 St. Charles Ave, Suite 3912, New Orleans, LA 70130.

9. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

- a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

We performed the above procedures and noted no exceptions.

- b. At least two employees are involved in processing and approving payments to vendors;

We performed the above procedures and noted no exceptions.

- c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

We performed the above procedures and noted no exceptions.

- d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

We performed the above procedures and noted no exceptions.

- e. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

We performed the above procedures and noted no exceptions.

10. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - a. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted.

- b. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We performed the above procedures and noted no exceptions.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - a. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and

approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

We performed the above procedures and noted no exceptions.

- b. Observe that finance charges and late fees were not assessed on the selected statements.

There was an instance that a late fee was assessed on 12/28/2023.

Recommendations: B&T recommends that the DDD policy be updated to reflect the items outlined in the "Policies & Procedures" tab.

Managements Response: We will move forward with addressing the issue in our revised policy and look to place the card on auto-pay because, due to delays with the US Postal Services, we only have about ten days from the date the statement is issued to the due date.

14. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

We performed the above procedures and noted no exceptions.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
 - a. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exceptions noted.

If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions noted.

- b. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions noted.

- c. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

8) Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

- a. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

No exceptions noted.

- b. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

No exceptions noted.

- c. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exceptions noted.

- d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

9) Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - a. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exceptions noted.

- b. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions noted.

- c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions noted.

- d. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave

records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

No exceptions noted.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

10) Ethics

21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

No exceptions noted.

- b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Per inquiry of management, no changes were made to the ethics policy during the fiscal period. No exceptions noted.

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

The Entity has appointed the Director of Finance and Administration as the Ethics Designee.

11) Debt Service

23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable. Any debt service related to the Downtown Development District is handled by the Board of Liquidation and City Debt. These entities have exclusive control and direction of all matters relating to bonded debt of the City of New Orleans.

24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not applicable. Any debt service related to the Downtown Development District is handled by the Board of Liquidation and City Debt. These entities have exclusive control and direction of all matters relating to bonded debt of the City of New Orleans.

12) Fraud Notice

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Per inquiry with the CEO and the CFO, there were no instances of misappropriations of public funds or assets during the fiscal period. No exceptions noted.

26. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

We observed that The Entity has the required notice regarding the reporting of misappropriation, fraud, waste, or abuse of public funds posted on their website as required by R.S. 24:523.1. No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a)

occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the result with management.

- b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the result with management.

- c. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the result with management.

- 28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the result with management.

- 29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- 1. Hired before June 9, 2020 - completed the training; and
- 2. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the result with management.

14) Prevention of Sexual Harassment

- 30. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

We performed the procedure and discussed the result with management.

31. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

The entity has their sexual harassment policy on their website. No exceptions noted.

32. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

We performed the procedure and discussed the results with management

- a. Number and percentage of public servants in the agency who have completed the training requirements;

100% of the organization completed the sexual harassment training.

- b. Number of sexual harassment complaints received by the agency;
None.

- c. Number of complaints which resulted in a finding that sexual harassment occurred;
None.

- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
None.

- e. Amount of time it took to resolve each complaint.
None.

We were engaged by New Orleans Downtown Development District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of The New Orleans Downtown Development District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Bruno & Tervalon LLP

New Orleans, Louisiana

June 1, 2024